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Report Highlights:

In MY 2004 citrus production is forecast at 563,000 MT, 15 percent higher than the pervious year. The increase in production is a result of favorable weather conditions. Citrus exports are expected to expand by 16 percent compared to the previous year, due to supply shortages of grapefruits and oranges from Florida and Spain. For the first time in 10 years, (MY 2004) Israel exported white grapefruit to Japan.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Tel Aviv [IS1]
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Executive Summary

In MY 2004 the forecast for total citrus production is 563,000 MT, a 15 percent increase compared to the previous year. Of the total production, approximately 160,000 MT will be exported (16 percent increase over the previous year): 245,000 MT will be processed (a 30 percent increase), and the remainder is expected to be consumed fresh. The increase in exports is due to a shortage in grapefruits and oranges from Florida and Spain. In addition, Exports of the Sweetie variety to Japan have increased by eleven percent compared to the previous year.

PSD Tables:

Israel Fresh Oranges							
		2002		2003		2004	UOM
	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	
Market Year Begin		10-2002		10-2003		10-2004	(MM/YYYY)
Area Planted	5500	5400	5115	5333	0	5343	HECTARES
Area Harvested	5400	5235	4980	5184	0	5188	HECTARES
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	143	143	141	133	0	160	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	143	143	141	133	0	160	(1000 MT)
Exports	28	26	30	29	0	34	(1000 MT)
Fresh Dom. Consumption	61	63	63	76	0	66	(1000 MT)
Processing	54	54	48	28	0	60	(1000 MT)
TOTAL DISTRIBUTION	143	143	141	133	0	160	(1000 MT)

Israel Fresh Grapefruit							
		2002		2003		2004	UOM
	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	
Market Year Begin		10-2002		10-2003		10-2004	(MM/YYYY)
Area Planted	5300	5203	5250	5218	0	5218	HECTARES
Area Harvested	5250	5170	5190	5185	0	5185	HECTARES
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	255	255	248	237	0	247	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	255	255	248	237	0	247	(1000 MT)
Exports	64	64	69	70	0	75	(1000 MT)
Fresh Dom. Consumption	20	20	22	23	0	19	(1000 MT)
Processing	171	171	157	144	0	153	(1000 MT)
TOTAL DISTRIBUTION	255	255	248	237	0	247	(1000 MT)

Israel Fresh Tangerines							
		2002		2003		2004	UOM
	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	
Market Year Begin		10-2002		10-2003		10-2004	(MM/YYYY)
Area Planted	4900	4500	4750	4589	0	4670	HECTARES
Area Harvested	4800	4100	4465	4222	0	4343	HECTARES
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	71	71	78	88	0	119	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	71	71	78	88	0	119	(1000 MT)
Exports	23	23	34	33	0	43	(1000 MT)
Fresh Dom. Consumption	30	30	32	39	0	48	(1000 MT)
Processing	18	18	12	16	0	28	(1000 MT)
TOTAL DISTRIBUTION	71	71	78	88	0	119	(1000 MT)

Israel Fresh Lemons							
		2002		2003		2004	UOM
	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	
Market Year Begin		10-2002		10-2003		10-2004	(MM/YYYY)
Area Planted	1700	1720	1690	1720	0	1732	HECTARES
Area Harvested	1650	1548	1400	1617	0	1681	HECTARES
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	20	20	20	20	0	23	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	20	20	20	20	0	23	(1000 MT)
Exports	2	2	2	1	0	2	(1000 MT)
Fresh Dom. Consumption	15	15	15	18	0	18	(1000 MT)
Processing	3	3	3	1	0	3	(1000 MT)
TOTAL DISTRIBUTION	20	20	20	20	0	23	(1000 MT)

Israel Fresh Citrus, Other							
		2002		2003		2004	UOM
	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	
Market Year Begin		10-2002		10-2003		10-2004	(MM/YYYY)
Area Planted	600	516	555	536	0	537	HECTARES
Area Harvested	550	413	420	456	0	494	HECTARES
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	8	8	8	10	0	14	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	8	8	8	10	0	14	(1000 MT)
Exports	5	5	5	5	0	6	(1000 MT)
Fresh Dom. Consumption	3	3	3	5	0	7	(1000 MT)
Processing	0	0	0	0	0	1	(1000 MT)
TOTAL DISTRIBUTION	8	8	8	10	0	14	(1000 MT)

Israel 65 Degrees Brix Orange Juice							
		2002		2003		2004	UOM
	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	
Market Year Begin		10-2002		10-2003		10-2004	(MM/YYYY)
Deliv. To Processors	64000	54000	65000	28000	0	60000	(MT)
Beginning Stocks	16000	15000	13000	10000	6000	1000	(MT)
Production	39000	33000	42000	17000	0	36000	(MT)
Imports	48000	45000	40000	45000	0	40000	(MT)
TOTAL SUPPLY	103000	93000	95000	72000	6000	77000	(MT)
Exports	56000	37000	53000	31000	0	36000	(MT)
Domestic Consumption	34000	46000	36000	40000	0	39000	(MT)
Ending Stocks	13000	10000	6000	1000	0	2000	(MT)
TOTAL DISTRIBUTION	103000	93000	95000	72000	0	77000	(MT)

Israel 65 Degrees Brix Grapefruit Juice							
		2002		2003		2004	UOM
	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	
Market Year Begin		10-2002		10-2003		10-2004	(MM/YYYY)
Deliv. To Processors	171000	171000	157000	144000	0	153000	(MT)
Beginning Stocks	16000	16000	7000	7000	11000	5000	(MT)
Production	71000	71000	85000	74000	0	76000	(MT)
Imports	15000	15000	19000	17000	0	15500	(MT)
TOTAL SUPPLY	102000	102000	111000	98000	11000	96500	(MT)
Exports	70000	70000	71000	67000	0	65500	(MT)
Domestic Consumption	25000	25000	29000	26000	0	26500	(MT)
Ending Stocks	7000	7000	11000	5000	0	4500	(MT)
TOTAL DISTRIBUTION	102000	102000	111000	98000	0	96500	(MT)

Israel 65 Degrees Brix Tangerine Juice							
		2002		2003		2004	UOM
	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	USDA Official (Old)	Post Estimate (New)	
Market Year Begin		10-2002		10-2003		10-2004	(MM/YYYY)
Deliv. To Processors	18000	18000	12000	16000	0	28000	(MT)
Beginning Stocks	2000	2000	4000	4000	500	500	(MT)
Production	12500	12500	6000	8000	0	13800	(MT)
Imports	25000	25000	20000	20000	0	19000	(MT)
TOTAL SUPPLY	39500	39500	30000	32000	500	33300	(MT)
Exports	22500	22500	18000	19500	0	20000	(MT)
Domestic Consumption	13000	13000	11500	12000	0	12800	(MT)
Ending Stocks	4000	4000	500	500	0	500	(MT)
TOTAL DISTRIBUTION	39500	39500	30000	32000	0	33300	(MT)

Production

Total Production

The forecast for MY 2004 is for a total production of 563,000 MT, an increase of 15 percent compared to the previous year. The yields for Or, Mor, Shamouti, Navel, red and white Pomelo and other easy peeler varieties increased in MY 2004. The increased harvest is a result of favorable weather conditions and the "fluctuations phenomenon", an exceptional high yield that occurs once in five years. In recent years, the share of easy peelers has increased significantly and it is expected to further expand in the near future (see table 2).

Table 1: Citrus Production by Varieties - Thousand Tons

MY	Total Production	Orange	Easy Peeler	Lemon & Lime	Grapefruit	Other Citrus ¹
2002/03	496.0	143.0	71.0	20.0	254.0	8.0
2003/04	488.0	133.0	88.0	20.0	237.0	10.0
2004/05*	563.0	160.0	119.0	23.0	247.0	14.0

Source: The Plants Production and Marketing Board, Citrus division, Israel

*Forecast: Based on information collected

Table 2: Species Share Out of Total Production- Percent

MY	Oranges	Easy Peelers	Lemon & Lime	Grapefruit	Other Citrus	Total
2002/03	28.9	14.3	4.0	51.2	1.6	100.0
2003/04	27.2	18.0	4.1	48.6	2.1	100.0
2004/05*	28.4	21.1	4.1	43.9	2.5	100.0

Table 3: Citrus Disposition, by Destination, Thousand Tons

Period	Total Exports		Delivery to Processors		Local Fresh Consumption		Total Percent
MY	Quantity	%	Quantity	%	Quantity	%	
2002/03	121.0	24.4	246.0	49.6	129.0	26.0	100.0
2003/04	138.0	28.3	189.0	38.8	161.0	32.9	100.0
2004/05*	160.0	28.4	245.0	43.5	158.0	28.1	100.0

Source: The Plants Production and Marketing Board, Citrus division, Israel

*Forecast: Based on information collected

Planted Area

The planted area at the beginning of summer 2004 totaled 17,500 ha of which 16,891 (92 percent) were fruit-bearing. Increasing demand for citrus in Europe and high profitability have stimulated new demand for citrus seedlings in preparation for new plants. Due to the increasing demand for citrus seedlings, there is a shortage of citrus seedlings expected until 2006. The price for seedlings is \$4.5 to \$5.7 per seedling. The forecast for CY 2005 is for an additional increase of 450 ha, mainly Shamuti, Navel, Valencia, Or and Mor. Of the total new planting area, 300 ha will be for processing and the rest for fresh consumption.

¹ Other Citrus- Kumquat, Ethrog (Citron), Red & White Pomelo, Limquat.

R&D

The Israeli citrus breeding program objectives are to: create new citrus varieties for fresh consumption and for processing; expand the harvest season by supplying early or late varieties, and improve fruit quality (see table 4).

Table 4: Israeli Citrus Breeding Program

Species	Varieties	Sugar Percent	Acid Contents Percent	Seeds	Marketing Period	Remarks
Lemon	Ayelet	N/A	N/A	Seedless	N/A	N/A
Lemon	Galya	N/A	N/A	Seedless	N/A	N/A
Easy Peeler	Mor	15%	1.3%	Seedless	January - March	N/A
Easy Peeler	Or	20%	0.7%	Seedless	January - April	N/A
Easy Peeler	Idit	13%	1.6%	Seedless	November - December	N/A
Easy Peeler	Merav	17.5%	1.3%	Seedless	December - January	N/A
Red Pomelo	Red Pomelo	13%	N/A	Seedless	October - February	High lycopene
Sweet Grapefruit	Sweet Grapefruit	16%	N/A	Seedless	November - February	N/A

Source: Agricultural Research Organization, the Volcani Center, Institute of Horticulture, Israel

Local Fresh Consumption

In MY 2004, local consumption of fresh citrus will total approximately 158 tmt, unchanged from MY 2003. In MY 2004, total consumption (per capita) of fresh citrus (in Israel) stands at 22 kg. As a result of the increase in citrus supply the prices in the local fresh market have decreased and will continue to decrease until April.

Table 5: Monthly Retailer Prices in Local Stores, \$², Fresh Citrus

Months/Variety	Shamouti	Valencia	Easy Peelers	Grapefruits	Lemons
5/2004	³ N/A	0.889	N/A	0.995	1.284
6/2004	N/A	0.945	N/A	1.032	1.309
7/2004	N/A	0.957	N/A	N/A	1.300
8/2004	N/A	N/A	N/A	N/A	1.291
9/2004	N/A	N/A	N/A	N/A	1.227
10/2004	N/A	N/A	1.052	1.179	1.170
11/2004	N/A	N/A	1.014	1.089	1.125
12/2004	0.854	N/A	0.941	0.998	1.079
1/2005	0.863	N/A	0.982	0.954	0.986
2/2005	0.838	N/A	1.038	0.936	0.964
3/2003	0.832	N/A	1.068	0.934	0.911
Average Price	0.847	0.930	1.016	1.015	1.150

Source: Price Statistic Monthly, Central Bureau of Statistics, Israel

² Exchange Rate, 1 USA Dollar=4.40 New Israeli Shekel.

³ N/A, in that time period those varieties are not available in the local fresh market.

The Processing Industry

Deliveries to the processing industry have decreased significantly during the past decade: in MY 2000/2001 deliveries to processing plants totaled 313,897 tons, while in MY 2003/2004 deliveries dropped to 189,317 MT. In spite of this trend, due to increased yields the forecast for citrus deliveries to the processors in MY 2004/05 is for 245,000 MT, a 30 percent increase over the previous year levels. As a result of decreased deliveries to the processing plants in CY 2004, total export of citrus products decreased by 10 percent compared to the previous year (see table 7). Ninety-five percent of deliveries are for squeezing, and the rest is for slices. The main citrus variety for industry is grapefruits.

In 2004, the local market value of beverages that are produced from fruits was estimated at \$341 million, a 8 percent increase compared to the previous year. In 2004, the fresh squeezed pure juice market comprised \$34.1 million.

Annual local consumption of juices and nectars per capita stands at 3-4 liters and is continue increase, driven in recent years by consumption of carbonated soft drinks.

Table 6: Annual Average Local Consumption of Soft Drinks Per Capita, Liter, 2003

Type	Liters	Percent
Carbonated	113	42
Mineral Water	111	41
Non-Carbonated	45	17
Total	269	100

Source: Gat Foods, (Processing Plant), Israel

Table 7: Total Exports of Citrus Products, by Type, \$ Thousand

CY	Juice	Concentrate	Bases	Puree	Slices	Oils	Other	Total
2001	25,304	20,349	39,019	9,187	10,324	970	2,510	107,664
2002	26,915	26,752	50,331	9,502	6,977	1,528	2,056	124,061
2003	29,695	25,413	61,019	8,138	6,085	1,014	1,922	133,286
2004	26,066	23,205	53,419	7,718	6,696	1,856	1,100	120,060

Source: Citrus Products Marketing Board of Israel

Table 8: Citrus Products Share Out of Total Export Value, Percent

CY	Juice	Concentrate	Bases	Puree	Slices	Oils	Other	Total
2001	23.50	18.90	36.24	8.53	9.59	0.90	2.33	100.0
2002	21.69	21.56	40.57	7.66	5.62	1.23	1.66	100.0
2003	22.28	19.07	45.78	6.11	4.57	0.76	1.44	100.0
2004	21.71	19.33	44.49	6.43	5.58	1.55	0.92	100.0

Source: Citrus Products Marketing Board of Israel

Value of Citrus Production

In MY 2003, the value of citrus production increased by 4.7 percent over the previous year. Of the total value in MY 2003, \$81.5 million (51 percent) was exported, \$58.7 was consumed fresh locally, and the remainder (\$18.6 million) was delivered to the processing industry. In MY 2003, citrus export value increased by 23 percent compared to the previous year. The value of deliveries to processing plants and the local fresh market decreased by 23, and 5 percent, respectively, compared to the previous marketing year.

Table 9: Citrus Disposition, by Destination, \$ Thousand, MY

MY	Destination	Value	Market Share
2003	Local Fresh Market	58,733.2	37.0
	Processing Industry	18,572.7	11.7
	Export	81,532.0	51.3
	Grand Total	158,838.0	100.0
2002	Local Fresh Market	61,588.2	40.6
	Processing Industry	24,162.0	15.9
	Export	66,000.7	43.5
	Grand Total	151,750.9	100.0

Source: Agricultural Statistics Quarterly, Israel.

Trade

The forecast for MY 2004 is for an increase of 16 percent over the previous year for a total of 160,000 MT. The expected increase in export is due to a shortage of grapefruits and oranges from Florida and Spain. In addition, citrus production in Israel increased significantly this year.

Data show citrus exports have increased by 21 percent compared to the same period one year ago (see table 10). Revenue is also up. This is due to the improved quality of Israeli citrus products, restricted supplies in the international market, and favorable exchange rates of the Euro against the Israeli Shekel. It is estimated that profitability will increase by 13 percent compared to the previous year.

The export program that was launched in MY 2003 for the three easy-peelers varieties Michal, Merav and Ora, to Eastern Europe and Russia, is continuing in MY 2004 with higher success. In MY 2004, exports of the sweetie variety to Japan increased by 11 percent compared to the previous year (from 654,362 cases to 728,020 cases). The price for the sweetie variety was \$19.50 per case in the current export season. In addition, in the current export season each Japanese importer can choose his Israeli supplier. That was not the case in previous years when the Israeli sweetie was sold by one supplier. Due to the shortage of grapefruit from Florida, for the first time in 10 years, there is an export of white grapefruit to Japan (2,500 tons).

Table 10: Fresh Citrus Exports by Varieties, Tons, MY - Thru April 09

Variety	2002/3	2003/4	2004/5	2004/5 Percent Change Compared to 2002/3	2004/5 Percent Change Compared to 2003/4
Shamouti	17,688	21,051	24,706	39.68	17.36
Valencia	1,843	1,909	333	-81.93	-82.56
Navels	404	438	424	4.95	-3.20
Total Oranges	19,935	23,398	25,463	27.73	8.83
White Grapefruit	7,914	9,533	12,773	61.40	33.99
Red Blush	14	0	5	-64.29	-----
Sunrise	34,089	40,068	46,404	36.13	15.81
Ray Ruby	89	6	78	-12.36	1200.00
Sweetie	13,457	13,301	14,840	10.28	11.57
Total Grapefruits	55,563	62,908	74,100	33.36	17.79
Topaz	3,198	5,029	4,899	53.19	-2.59
Minneola	5,947	6,102	9,993	68.03	63.77
Suntina	9,480	14,733	13,256	39.83	-10.03
Hadas	12	97	39	225.00	-59.79
Murcott	238	1,551	897	276.89	-42.17
Chasuma	0	0	785	-----	-----
Winnola	0	34	20	-----	-41.18
Merav	0	19	0	-----	-100.00
Ora	44	476	125	184.09	-73.74
Mor	959	1,159	2,991	211.89	158.07
Or	3,612	2,978	8,940	147.51	200.20
Michal	0	340	1,323	-----	289.12
Rishon	0	0	210	-----	-----
Tempel	40	67	0	-100.00	-100.00
Total Easy Peelers	23,530	32,585	43,478	84.78	33.43
Lemon	1,620	1,105	2,245	38.58	103.17
Lime	148	129	324	118.92	151.16
White Pomelo	1,888	2,239	1,375	-27.17	-38.59
Tahiti Pomelo	0	16	36	-----	125.00
Red Pomelo	2,582	1,839	3,394	31.45	84.56
Limquat	20	19	14	-30.00	-26.32
Kumquat	518	562	629	21.43	11.92
Total Other Citrus	6,776	5,909	8,017	18.31	35.67
Grand Total	105,804	124,800	151,058	42.77	21.04

Source: The Plants Production and Marketing Board, Citrus division, Israel

Table 11: Israeli Citrus Export to Japan, MY - Thru April 09, Thousand of Cases

MY	2002/03	2003/04	2004/05	2004/5 Percent Change Compared to 2003/4	2004/5 Percent Change Compared to 2002/3
White Grapefruit	-----	-----	187,185		
Sweetie	597,682	654,362	728,020	11.3%	21.8%

Source: The Plants Production and Marketing Board, Citrus division, Israel

Value of Citrus Export

In CY 2004, citrus export value increased by 20 percent over that in the previous year. However, on the other hand, citrus value, as a share of total agricultural production, decreased by 6 percent compared to the previous year (see table 12). This is due to a 27 percent increase in total agriculture export, while citrus exports increased only by 20 percent.

Table 12: Agriculture Export Value, \$ Million, F.O.B, CY

Export Value	2002		2003		2004	
	Value	Percent	Value	Percent	Value	Percent
Grand Total	620.4	100.0%	714.7	100.0%	908.7	100.0%
Of which: Citrus	58.2	9.4%	61.9	8.7%	74.4	8.2%

Source: Central Bureau of Statistics- Israel